

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION

IN RE:	§	Case No. 10-20041
	§	
AMIDEE CAPITAL GROUP, INC., ET.AL.	§	CHAPTER 11
	§	
	§	
<i>Debtors.</i>	§	(Jointly Administered)

**LONE STAR BANK'S RESPONSE AND OBJECTION TO
DEBTORS' MOTION TO RETAIN CRO (DN 44)**

TO THE HONORABLE RICHARD S. SCHMIDT, U.S. BANKRUPTCY JUDGE:

LONE STAR BANK, a creditor and party-in-interest in the above entitled and numbered causes, files its Response and Objection to Debtors' Motion to Retain a CRO (DN44) (the "Motion"), and would show as follows:

1. Lone Star Bank is unable to admit or deny paragraphs 1 - 13 of the Motion.
2. The averment at paragraph 14 of the Motion is a statement of relief requested, to which no response is required. However, Lone Star Bank denies that retention of a CRO for Amidee 2008 is a reasonable business judgment, and that use of Amidee's property for this purpose is essential, appropriate and in the best interest of estate of Amidee 2008 and its creditors.
3. The averment at paragraphs 15 - 19 of the Motion are statements of relief requested, to which no response is required. However, Lone Star Bank objects to the relief requested for the reason that retention of a CRO for Amidee 2008 is neither necessary nor in the best interest of the estate and its creditors.

4. Lone Star Bank does not contest the proposed CRO's qualifications or whether he is disinterested, as described at paragraphs 20 - 22 of the Motion.

5. Lone Star Bank is unable to admit or deny paragraph 23 of the Motion.

6. Lone Star Bank denies paragraph 24 of the Motion.

7. Lone Star Bank is unable to admit or deny paragraph 25 of the Motion.

8. Lone Star Bank denies paragraphs 26 of the Motion.

9. Lone Star Bank is unable to admit or deny paragraph 27 of the Motion.

10. Lone Star Bank denies paragraph 28 of the Motion.

11. Lone Star Bank is unable to admit or deny paragraphs 29 of the Motion.

ARGUMENT

12. Based on information revealed to date, Amidee 2008 is not bankrupt, it does not require reorganization, a CRO, refinancing or restructuring. It owns the property known as Harbor Glen Apartments, in which it has substantial equity, has a positive cash flow from its operations, and is the sole limited partner in Amidee Corpus¹. According to Debtors' Motion for Order Authorizing Sale (DN 27), the Amidee Corpus asset sale will generate approximately \$500,000 in net proceeds, which constitutes, at least in part, additional cash available to Amidee 2008.

13. Amidee 2008's liabilities to ACG, so far as disclosed to date, appear to be limited to a annual management fee equal to 3% of gross revenues. Amidee 2008, as a

¹ See Motion for Order Authorizing Sale (DN 27), para. 3; and Footnote 2 of the Motion.

limited partner, is not liable for ACG's various other debts nor those of the numerous other limited partnerships managed by ACG.

14. For these reasons, Lone Star Bank objects to:

- (a) appointment of a CRO for Amidee 2008 and Amidee Corpus, for it is not a reasonable business judgment, is not a proper use of Amidee's property, is not essential, appropriate nor in the best interest of estate of Amidee 2008 or Amidee Corpus and their creditors; and,
- (b) use of cash collateral for the purpose of paying fees to a CRO retained for benefit of others, not the estate of Amidee 2008.

15. From the perspective of the estate of Amidee 2008, the proposed action of retaining a CRO seems to benefit only the general partner, ACG, and possibly other limited partnerships. The general partner's bankruptcy effects a dissolution of the partnership. A more sound approach would be to allow the limited partners to elect a new general partner of Amidee 2008, and dismiss the Amidee 2008 bankruptcy case.

WHEREFORE, PREMISES CONSIDERED, Lone Star Bank requests that the Motion be denied, that its objection to the relief requested be sustained and for such other and further relief to which it may show itself entitled.

Dated: February 12, 2010.

Respectfully submitted,

By: /s/ Ted L. Walker

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been forwarded on February 12, 2010,
by ECF and/or facsimile and/or First Class U.S. Mail, to:

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